

**JUDICIAL COUNCIL OF CALIFORNIA
ADMINISTRATIVE OFFICE OF THE COURTS**

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Report

TO: Members of the Judicial Council

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DATE: November 21, 2007

SUBJECT: Allocation of Revenue from the Trial Court Improvement Fund in Accordance with rule 10.105 of the California Rules of Court and Government Code section 77205(a) (Action Required)

Issue Statement

Pursuant to rule 10.105 of the California Rules of Court and Government Code section 77205(a), the Judicial Council must annually allocate 80 percent of the amount of fee, fine, and forfeiture revenue (50/50 Excess Fines Split Revenue) deposited into the Trial Court Improvement Fund (Improvement Fund) in any fiscal year that exceeds the amount of fiscal year (FY) 2002–2003 50/50 Excess Fines Split Revenue as follows:

1. To the trial courts in the counties from which the revenue was deposited;
2. To the Trial Court Trust Fund to support local trial court operations among other trial courts pursuant to section 68085(a)(1) by allocation to those trial courts; and
3. For retention in the Improvement Fund to support ongoing statewide court technology and administrative infrastructure projects.

In addition, Government Code section (GC) 68085(a)(2)(A)¹ authorizes that not more than 20 percent of the total 50/50 Excess Fines Split Revenue be distributed to the Administrative Office of the Courts (AOC) to address the costs of administrative infrastructure needs to support the trial courts.

Background

Senate Bill 940 (chapter 275, Stats. of 2003) required the council to establish a collaborative court-county working group and to adopt guidelines for a comprehensive

¹ Assembly Bill (AB) 1806 (Chapter 69, Statutes of 2006) amended GC 68085 and the previous authority of GC 68085(a)(4) was replaced by GC 68085(a)(2)(A).

program for the collection of moneys imposed by court order, and to establish standard agreements for enhanced collection programs. The statute requires the council each year to allocate part of the 50/50 Excess Fines Split Revenue that exceeds the amount deposited in the 2002–2003 fiscal year to the trial courts located in the counties from which the excess revenues were collected. Of these funds, one-time monies may be allocated as an incentive for trial courts to establish or enhance collection programs.

In December 2004, the Judicial Council approved rule 6.105 of the California Rules of Court (now rule 10.105) which implemented Government Code section 77205(a). This rule required AOC staff to recommend to the council a methodology for the yearly allocation of the portion of the 50/50 Excess Fines Split Revenue deposited into the Improvement Fund that exceeds the amount deposited in FY 2002–2003 and the specific amounts to be distributed in any given year. This methodology was approved by the council in its business meeting on December 10, 2004.

In accordance with rule 10.105 of the California Rules of Court, staff is presenting for council approval recommendations for the yearly allocation of these revenues.

Recommendations

Staff recommends that the Judicial Council approve:

1. Specific amounts to be allocated for FY 2006–2007, including 20 percent of the excess fines split revenue (\$1,421,178) to be distributed to the trial courts located in counties that contributed to the 50/50 Excess Fines Split Revenue, and 60 percent (\$4,263,535) to be retained in the Improvement Fund. The specific amounts to be distributed to each trial court are indicated in Attachment 1.
2. Delegate authority to the Administrative Director of the Courts to make any needed adjustments to these amounts to the extent that revisions are made by the State Controller's Office to the 50/50 Excess Fines Split Revenue amounts recorded as deposited into the Improvement Fund prior to distribution.

Rationale for Recommendation

In accordance with Government Code section 77205(b), 50/50 Excess Fines Split Revenue is to be remitted to the state no later than 45 days after the end of the fiscal year in which those fees, fines, and forfeitures were collected. While most counties remit their 50/50 Excess Fines Split Revenue before August 15, the actual receipts are not finalized until the end of September due to late remittances and adjustments from prior years. In addition, occasionally the State Controller's Office makes adjustments to current year receipts after September if they are notified of over- or under-remittances of 50/50 Excess Fines Split Revenues. As a result, delegating authority to the Administrative Director of the Courts will allow corrections to be made to the amounts at the time of distribution, to the extent appropriate.

In summary, each year staff computes the total increased amount in 50/50 Excess Fines Split Revenue as compared to the adjusted FY 2002–2003 base year. The amount to be distributed to each trial court is calculated based on the percent that each county where the trial court is located contributed to the statewide total increased amount.

During FY 2006–2007, an additional \$7,105,892 was collected over the FY 2002–2003 adjusted base year level. Representing a combined 80 percent of this amount, staff recommends the following for allocation to the trial courts based on the distribution amount to the specific areas:

- 20 percent (\$1,421,178) be distributed to the trial courts located in counties that contributed to the 50/50 Excess Fines Split Revenue;
- 60 percent (\$4,263,535) be retained in the Improvement Fund.

Funding retained in the Improvement Fund will be used to support ongoing statewide technology and administrative infrastructure projects, and one-time increased costs for technology and deployment on behalf of the trial courts that were previously approved by the council. The distribution guidelines require a minimum of 20 percent to be distributed to the trial courts, but do not specify the amount to be distributed to the Trial Court Trust Fund and/or Improvement Fund. Consistent with the approved allocation in FY 2006–2007, it is proposed that the full 60 percent be retained in the Improvement Fund, which is available to help address significant one-time costs for statewide technology and deployment projects anticipated this year. This allocation is in conformance with the guidelines and methodology that were approved by the council in December 2004.

An amount up to the remaining 20 percent (\$1,421,178), as authorized by Government Code section 68085(a)(2)(A), will be used to support statewide administrative infrastructure needs.

Alternative Actions Considered

Due to the fact that the Judicial Council approved the allocation methodology in December 2004 and that there has been minimal feedback from the courts since that time, no alternatives were considered.

Comments From Interested Parties

No comments were received.

Implementation Requirements and Costs

The proposal has no implementation costs other than those associated with the distribution of the revenues.

Attachment

Chart 1, 50/50 Excess Revenue Increase from FY 2006-07 over FY 2002-03 Base Year and Distribution to Courts

FY 2006-07 Actual: as of 11/16/2007		02-03 Base Adjusted ³⁾	FY 06-07 Actual ⁴⁾	Increase (\$) ⁵⁾ 06 vs. 02	Increase (\$) ⁶⁾ 06 vs. 02	Increase (%) ⁷⁾ 06 vs. 02	Distribute 20% of Total ⁸⁾
		1	2	3 = 2 - 1	4 = 2 - 1 (if >0)	5 = 4 / 10,839,607	6
01	Alameda	1,875,213	1,718,455	(156,758)			
02	Alpine	52,890	13,924	(38,966)			
03	Amador	44,852	98,658	53,806	53,806	0.50%	7,054
04	Butte	316,805	394,368	77,563	77,563	0.72%	10,169
05	Calaveras	107,728	145,087	37,359	37,359	0.34%	4,898
06	Colusa	159,377	149,205	(10,172)			
07	Contra Costa	1,913,325	1,486,579	(426,746)			
08	Del Norte	157,395	141,061	(16,335)			
09	El Dorado	239,781	135,824	(103,957)			
10	Fresno	2,526,403	2,812,888	286,485	286,485	2.64%	37,561
11	Glenn	237,830	345,360	107,530	107,530	0.99%	14,098
12	Humboldt	-	212,278	212,278	212,278	1.96%	27,832
13	Imperial	379,607	858,036	478,429	478,429	4.41%	62,727
14	Inyo	198,690	214,934	16,244	16,244	0.15%	2,130
15	Kern	2,099,967	2,879,899	779,932	779,932	7.20%	102,257
16	Kings	397,816	498,215	100,399	100,399	0.93%	13,163
17	Lake	177,900	152,794	(25,106)			
18	Lassen	139,204	97,944	(41,260)			
19	Los Angeles	13,489,325	13,418,327	(70,998)			
20	Madera	-	54,252	54,252	54,252	0.50%	7,113
21	Marin	492,776	713,865	221,089	221,089	2.04%	28,987
22	Mariposa	3,145	112,346	109,201	109,201	1.01%	14,317
23	Mendocino	294,992	536,123	241,131	241,131	2.22%	31,615
24	Merced	555,480	665,352	109,872	109,872	1.01%	14,405
25	Modoc	-	25	25	25	0.00%	3
26	Mono	-	63,585	63,585	63,585	0.59%	8,337
27	Monterey	271,799	638,201	366,402	366,402	3.38%	48,039
28	Napa	361,257	398,538	37,281	37,281	0.34%	4,888
29	Nevada	-	170,204	170,204	170,204	1.57%	22,315
30	Orange	5,082,040	5,187,585	105,545	105,545	0.97%	13,838
31	Placer	1,114,332	1,179,250	64,918	64,918	0.60%	8,511
32	Plumas	125,545	95,087	(30,458)			
33	Riverside	3,343,986	5,026,473	1,682,487	1,682,487	15.52%	220,590
34	Sacramento	2,639,042	2,305,771	(333,271)			
35	San Benito	271,658	215,209	(56,449)			
36	San Bernardino	4,020,834	6,558,726	2,537,892	2,537,892	23.41%	332,743
37	San Diego	4,276,751	4,852,895	576,144	576,144	5.32%	75,538
38	San Francisco	1,878,248	982,110	(896,138)			
39	San Joaquin	770,219	1,112,158	341,939	341,939	3.15%	44,832
40	San Luis Obispo	490,350	610,270	119,920	119,920	1.11%	15,723
41	San Mateo	938,899	992,965	54,066	54,066	0.50%	7,089
42	Santa Barbara	912,513	510,101	(402,412)			
43	Santa Clara	2,575,154	1,805,924	(769,230)			
44	Santa Cruz	503,696	411,779	(91,918)			
45	Shasta	443,683	465,946	22,263	22,263	0.21%	2,919
46	Sierra	21,280	34,360	13,080	13,080	0.12%	1,715
47	Siskiyou	345,163	212,813	(132,350)			
48	Solano	630,857	1,084,102	453,245	453,245	4.18%	59,425
49	Sonoma	922,595	976,863	54,268	54,268	0.50%	7,115
50	Stanislaus	508,179	1,036,665	528,486	528,486	4.88%	69,290
51	Sutter	186,126	332,773	146,647	146,647	1.35%	19,227
52	Tehama	234,259	300,081	65,822	65,822	0.61%	8,630
53	Trinity	27,362	52,436	25,074	25,074	0.23%	3,287
54	Tulare	664,421	893,939	229,518	229,518	2.12%	30,092
55	Tuolumne	182,241	184,845	2,604	2,604	0.02%	341
56	Ventura	2,070,951	2,056,702	(14,250)			
57	Yolo	545,787	428,843	(116,944)			
58	Yuba	159,967	452,590	292,623	292,623	2.70%	38,366
Total		62,379,695	69,485,587	7,105,892	10,839,607	100.00%	1,421,178

Statewide Increase	7,105,892
Distribution up to 80% of increase	5,684,714
20% of Total to Trial Courts	1,421,178
60% to TCIF	4,263,535
Subtotal Distribution	5,684,714

NOTE:

- 1) Numbers in this column are the adjusted FY 2002-03 base amount after the numbers reported to JC in Dec-2006 and based on SCO's postings as 11/16/2007.
- 2) Numbers in this column are the actual revenue collected for FY 2006-07 - remitted by the counties and posted by the SCO as of 11/16/2007.
- 3) Thirty-nine counties have revenue increases from FY 2006-07 over FY 2002-03's base amount. The net statewide increased amount is \$7.106 million.
- 4) Same calculation as for column 5, except the negative amounts are taken out in order to identify the "real" increase from each court or county.
- 5) The calculation is: the net increase from FY 2006-07 over adjusted FY 2002-03's base amount divided by the statewide "true" increase (Note, the courts with a negative amount are taken out), so that the net contribution to this "true" statewide increase is converted to a percent from each court.
- 6) Based on the statewide total excess amount that has been determined, the allocations to each qualified court is calculated on the percent that each court has contributed to the statewide total increased amount.